

INSURANCE CODE
TITLE 13. REGULATION OF PROFESSIONALS
SUBTITLE B. AGENTS
CHAPTER 4051. PROPERTY AND CASUALTY AGENTS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 4051.001. APPLICABILITY OF CHAPTER. (a) This subchapter and Subchapters B-E, G, and I apply to each agent of an insurer authorized to engage in the business of property and casualty insurance in this state.

(b) This subchapter and Subchapters B-E, G, and I apply to each person who performs the acts of an agent, as described by Section [4001.051](#), whether through an oral, written, electronic, or other form of communication, by soliciting, negotiating, procuring, or collecting a premium on an insurance contract offered by any kind of insurer authorized to engage in the business of property and casualty insurance in this state, including:

- (1) a fidelity or surety company;
- (2) a mutual insurance company, including a farm mutual or a county mutual;
- (3) a reciprocal or interinsurance exchange; and
- (4) a Lloyd's plan.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 2.23, eff. September 1, 2007.

Sec. 4051.002. REQUIREMENTS APPLICABLE TO CERTAIN AGENT CONTRACTS. An agent's contract entered into on or after August 27, 1973, by an insurer engaged in the business of property and casualty insurance in this state is subject to Chapter [444](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2J.003, eff. April 1, 2009.

SUBCHAPTER B. GENERAL PROPERTY AND CASUALTY LICENSE

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. [4030](#), 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.051. LICENSE REQUIRED. (a) A person is required to hold a general property and casualty license if the person acts as:

(1) an agent who writes property and casualty insurance for an insurer authorized to engage in the business of property and casualty insurance in this state;

(2) a subagent of a person who holds a license as an agent under this chapter who solicits and binds insurance risks for that agent; or

(3) an agent who writes any other kind of insurance as required by the commissioner for the protection of the insurance consumers of this state.

(b) Notwithstanding Subsection (a), a person is not required to hold a general property and casualty license to engage in an activity described by Subsection (a) if the person:

(1) holds a license under this chapter as a personal lines property and casualty agent; and

(2) limits activities described by Subsection (a) to those activities authorized under the scope of the person's license.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 2.24, eff. September 1, 2007.

Sec. 4051.052. AUTHORITY TO WRITE ADDITIONAL LINES. A person who holds a general property and casualty license may, in addition, write the kinds of insurance contracts described by:

(1) Section [4051.101](#) and Subchapter E; or

(2) Chapter [4055](#).

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.053. AUTHORITY TO WRITE CERTAIN ACCIDENT AND HEALTH INSURANCE. A person who holds a general property and casualty license may, without holding a license under Chapter 4054, write health and accident insurance for a property and casualty insurer authorized to sell those insurance products in this state. Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.054. DECEASED, DISABLED, OR INSOLVENT AGENTS; EMERGENCY LICENSE. (a) If a property and casualty agent dies, becomes disabled, or is found to be insolvent and unable to pay for premiums as they become due to an insurer, the department may issue, without examination, to an applicant for a property and casualty agent license an emergency license on receipt of proof satisfactory to the department that the emergency license is necessary to preserve the agency assets of the deceased, disabled, or insolvent agent.

(b) An emergency license is valid for 90 days in any 12 consecutive months and may be renewed by the department for an additional 90 days during the 12-month period if the other requirements of Subtitle A are satisfied. Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER C. LIMITED PROPERTY AND CASUALTY LICENSE

Sec. 4051.101. LICENSE REQUIRED. (a) Except as provided by Section 4051.052, a person is required to hold a limited property and casualty license if the person acts as an agent who writes:

(1) job protection insurance as defined by Section 962.002;

(2) exclusively, insurance on growing crops under Subchapter F;

(3) any form of insurance authorized under Chapter 911 for a farm mutual insurance company;

(4) exclusively, any form of insurance authorized to be solicited and written in this state that relates to:

(A) the ownership, operation, maintenance, or

use of a motor vehicle designed for use on the public highways, including a trailer or semitrailer, and the motor vehicle's accessories or equipment; or

(B) the ownership, occupancy, maintenance, or use of a manufactured home classified as personal property under Section 2.001, Property Code;

(5) a prepaid legal services contract under Article 5.13-1 or Chapter 961;

(6) exclusively, an industrial fire insurance policy:

(A) covering dwellings, household goods, and wearing apparel;

(B) written on a weekly, monthly, or quarterly basis on a continuous premium payment plan; and

(C) written for an insurer exclusively engaged in the business as described by Section 912.310;

(7) credit insurance, except as otherwise provided by Chapter 4055; or

(8) any other kind of insurance, if holding a limited property and casualty license to write that kind of insurance is determined necessary by the commissioner for the protection of the insurance consumers of this state.

(b) Subsection (a)(2) applies to an entity chartered by the federal Farm Credit Administration, as provided by the farm credit system under 12 U.S.C. Section 2001 et seq., as amended.

(c) This section does not apply to a person who wrote for the previous calendar year:

(1) policies authorized by Chapter 911 for a farm mutual insurance company that generated, in the aggregate, less than \$50,000 in direct premium;

(2) industrial fire insurance policies that generated, in the aggregate, less than \$20,000 in direct premium; or

(3) policies authorized by Chapter 962 for an insurer that generated, in the aggregate, less than \$40,000 in direct premium.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 730 (H.B. [2636](#)), Sec. 2J.004, eff. April 1, 2009.

Acts 2011, 82nd Leg., R.S., Ch. 1147 (H.B. [1951](#)), Sec. 11.001, eff. September 1, 2011.

Sec. 4051.102. DESIGNATION OF KINDS OF INSURANCE. A person who holds a limited property and casualty license may write only the kind of insurance designated on the license.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER D. INSURANCE SERVICE REPRESENTATIVE LICENSE

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. [4030](#), 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.151. LICENSE REQUIRED. A person is required to hold an insurance service representative license if the person is a salaried employee who performs assigned duties only in an office of a property and casualty agent, including explaining insurance coverage, describing an insurance product, quoting insurance premium rates, and issuing insurance binders only with the express approval of the property and casualty agent who supervises the license holder.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. [4030](#), 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.152. APPLICABILITY OF CERTAIN REQUIREMENTS. The provisions of this title that apply to the holder of a general property and casualty license apply to the holder of a license issued under this subchapter, except that proof of financial responsibility is not required for a person licensed only under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER E. COUNTY MUTUAL AGENT LICENSE

Sec. 4051.201. LICENSE ISSUANCE. The department shall issue a license to an individual applicant to act as an agent for a county mutual insurance company under Chapter 912 on receipt of certification from the company that the applicant has:

(1) completed a course of study and instruction in compliance with this subchapter; and

(2) passed without aid a written examination administered by the company.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.202. COURSE. (a) To be eligible to receive a license under this subchapter, an applicant must complete a course of study and instruction offered by the applicable company on motor vehicle insurance and insurance covering dwellings.

(b) The course of study and instruction must:

(1) be at least five hours in duration; and

(2) include instruction on:

(A) the policies to be sold; and

(B) the laws relating to the regulation of insurance in this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.203. EXAMINATION. (a) The commissioner shall prescribe a uniform examination for applicants that fairly tests knowledge of the information contained in the course provided under Section 4051.202.

(b) The department shall authorize a county mutual insurance company to administer the examination after approval by the department of a complete outline and explanation of the course and the manner of conducting the examination.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.204. INVESTIGATION BY DEPARTMENT. The department may investigate as necessary the manner of instruction and the

examination administered by a company under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.205. WITHDRAWAL OF COMPANY'S AUTHORITY. The department may withdraw from a county mutual insurance company the authority under this subchapter to offer instruction and administer an examination.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.206. APPLICABILITY OF LIMITED LICENSE LAWS. Except as specifically provided by this subchapter, the provisions of this title that apply to the holder of a limited license apply to the holder of a license issued under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER F. AGRICULTURAL INSURANCE AGENT

Sec. 4051.251. APPOINTMENT OF AGENT. (a) An insurer that holds a valid certificate of authority to engage in the business of insurance in this state and whose authority in this state and each other jurisdiction in which the insurer is authorized to engage in the business of insurance is limited to the business of insuring risks on growing crops may, subject to this subchapter, appoint and act through an agent licensed under Subchapter B, C, or E.

(b) An agent appointed under Subsection (a) may act as an agent for more than one insurer but may act as an agent under this subchapter only with respect to the business of insuring risks on growing crops.

(c) This title applies to the licensing and regulation of an agent appointed under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.252. REQUIREMENTS FOR APPOINTMENT; PROCEDURE. (a) To appoint an agent under this subchapter, an insurer must submit a completed appointment form to the department and pay a nonrefundable fee in an amount set by the department.

(b) The appointment form must be signed by a representative

of the insurer.

(c) The department shall approve an appointment unless the department determines that the applicant does not meet the requirements of this title.

(d) The department may waive any examination requirement imposed by this title for a license applicant seeking an appointment under this subchapter who has passed an examination as required by Federal Crop Insurance Corporation guidelines for administering the federal crop insurance program.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.253. ACCEPTANCE OF CERTAIN CONTINUING EDUCATION. The department may accept continuing education hours completed under the guidelines of the Federal Crop Insurance Corporation as satisfying the continuing education requirements imposed under this title.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.254. RULES. The commissioner may adopt rules necessary to implement this subchapter and to meet the minimum requirements of federal law, including regulations.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER G. REGISTRATION OF HOME OFFICE EMPLOYEES

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. [4030](#), 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.301. REGISTRATION AND DISCLOSURE REQUIRED; FEE.

(a) A person is required to be registered with the department if the person acts as a full-time home office salaried employee who solicits or receives an application for the sale of insurance through an oral, written, or electronic communication for an insurer authorized to engage in the business of insurance in this state.

(b) A person who registers under this section must submit a

nonrefundable registration fee in an amount set by the department.

(c) A person registered under this section shall disclose that the person is registered on making an oral, written, or electronic communication to solicit or receive an application for the sale of insurance.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. 4030, 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.302. CONTINUING EDUCATION REQUIREMENTS. (a) An insurer authorized to engage in the business of insurance in this state whose general plan of operation includes the use of employees described by Section 4051.301 shall certify to the department that each of those employees receives at least 15 hours of continuing education annually.

(b) Each continuing education course provided by the insurer must be submitted to the department for certification as provided by Chapter 4004.

(c) A person registered under this subchapter shall comply with the continuing education requirements imposed by Chapter 4004 as if the person were a licensed agent.

(d) The continuing education required by this section must be designed to give the employees:

- (1) reasonable familiarity with:
 - (A) the broad principles of insurance;
 - (B) insurance licensing and regulatory laws; and
 - (C) the terms and conditions of the insurance that the employees transact;
- (2) a fair and general understanding of the duties of an insurer to an insured; and
- (3) training in ethical considerations.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. 4030, 87th

Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.303. SUSPENSION OF REGISTERED EMPLOYEE; DISCIPLINARY ACTION AGAINST INSURER. The registration of an employee under this subchapter shall be suspended and the insurer who employs the registered employee may be disciplined for any act for which an agent may be disciplined under Subchapter C, Chapter 4005.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER H. TERMINATION OR SUSPENSION OF AGENT CONTRACTS BY
PROPERTY AND CASUALTY INSURERS

Sec. 4051.351. APPLICABILITY OF SUBCHAPTER. (a) Except as provided by Subsection (b), this subchapter applies to each contract between an agent and an insurer engaged in the business of property and casualty insurance in this state.

(b) This subchapter does not apply to:

(1) the termination or suspension by an insurer of an agent's contract because of:

(A) insolvency;

(B) abandonment;

(C) gross and wilful misconduct;

(D) failure to pay the insurer money due to the insurer after receipt of a written demand; or

(E) revocation of the agent's license by the department; or

(2) the termination or suspension by an insurer of an agent's contract if the insurance policies and insurance business are owned by the insurer rather than the agent.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.352. SUSPENSION OF AGENT'S CONTRACT; OTHER DEFINITIONS. (a) For purposes of this subchapter, "suspension," with regard to an agent's contract, means the temporary cessation of business relations between an insurer and an agent and refusal by the insurer to accept insurance contracts submitted by the agent.

The term does not include a situation in which business is suspended immediately after a natural disaster.

(b) The commissioner shall adopt reasonable rules to provide definitions necessary to accomplish the purposes of this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.353. NOTICE REQUIRED BEFORE TERMINATION OR SUSPENSION OF CONTRACT. (a) An insurer may not terminate or suspend a contract with an appointed agent that has been in effect for at least two years unless the insurer provides written notice of the termination or suspension to the agent at least six months before the date the termination or suspension takes effect.

(b) A contract that replaces or revises a contract that has been in effect for at least two years is subject to this subchapter if there has not been a material change in the ownership of the agency.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.354. AUTOMATIC TERMINATION OF CONTRACT ON WITHDRAWAL FROM STATE OR REDUCTION OF BUSINESS. (a) An insurer that withdraws from this state or reduces the insurer's total annual premium volume by at least 75 percent in any year is considered to have terminated the contracts of the insurer's agents. Except as provided by Subsection (b), the insurer shall comply with the requirements of this subchapter.

(b) An insurer described by Subsection (a) shall renew each contract for property and casualty insurance for the affected agent for 24 months from the date of the notice of termination or suspension of the contract.

(c) This section does not apply to the transfer of business from an insurer to another insurer with which the agent has a contract and that:

(1) is under common ownership; and

(2) is admitted to engage in the business of insurance in this state.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.355. RENEWAL OF INSURANCE CONTRACTS AFTER NOTICE OF TERMINATION OR SUSPENSION. (a) Except as provided by Subsection (b), an insurer that terminates or suspends an agent's contract with an appointed agent shall renew all contracts for property and casualty insurance for the agent during the six months after the effective date of the termination or suspension of the contract.

(b) The insurer may decline to renew an insurance contract if any risk does not meet the insurer's current underwriting standards. The insurer must provide at least 60 days' notice to the agent of the insurer's intent not to renew the contract.

(c) An insurer that renews an insurance contract under this section shall pay to the agent commissions for the renewal according to the commission schedule that was in effect for the agent before the insurer's decision to terminate or suspend the agent's contract.

(d) An insurer that renews an insurance contract under this section may not require the agent to convert from agency billing to company billing during the termination period unless the agent agrees in writing to the conversion.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.356. INSURER REFUSAL TO RENEW AGENT'S BUSINESS PROHIBITED. During the term of the agent's contract, the insurer may not refuse to renew business from the agent that complies with the underwriting standards in effect for agents of the insurer whose contracts have not been terminated or suspended.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.357. INSURER APPROVAL FOR NEW BUSINESS OR INCREASE IN LIABILITY. An agent who receives notice of termination or suspension of the agent's contract from an insurer may not write, without the written approval of the insurer:

(1) any new business; or

(2) any increase in liability on a renewal policy or an existing policy.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.358. PROVISION OF UNDERWRITING STANDARDS TO AGENT WHOSE CONTRACT IS TERMINATED OR SUSPENDED. (a) On providing notice to an agent of termination or suspension of the agent's contract under this subchapter, the insurer shall provide to the agent the insurer's written underwriting standards. The standards must conform to the underwriting standards that were in effect for that agent before the insurer's decision to terminate or suspend the agent's contract.

(b) An insurer may provide different underwriting standards to different agents of the insurer if the standards are not used in a way that prevents or discourages the renewal of the insurance policies of an agent whose contract is terminated or suspended.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.359. PAYMENT OF MONEY DUE INSURER. An insurer shall allow an agent whose contract has been terminated or suspended under this subchapter to pay to the insurer all money due under the same accounts current payment terms in effect for agents of the insurer whose contracts have not been terminated or suspended.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.360. REVISION OF TERMINATION PROVISIONS OF AGENT'S CONTRACT. (a) This subchapter does not prohibit an amendment of or addendum to an agent's contract providing that the contract may be terminated before the time required by this subchapter if the agent agrees in writing to the earlier termination.

(b) An insurer that proposes to revise the termination provisions of an agent's contract must first present the agent with a separate written impact statement that summarizes any effect that the proposed amendment or addendum would have on the agent's rights under this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.361. ADMINISTRATIVE PENALTY. If the department

determines that an insurer has violated this subchapter, the insurer is subject to an administrative penalty as provided by Chapter [84](#) of not less than \$1,000 or more than \$10,000.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

Sec. 4051.362. ACTION FOR DAMAGES. An agent who has sustained actual damages as a result of an insurer's violation of this subchapter may bring an action against the insurer regardless of whether the department has determined that there has been a violation of this subchapter.

Added by Acts 2003, 78th Leg., ch. 1274, Sec. 7, eff. April 1, 2005.

SUBCHAPTER I. PERSONAL LINES PROPERTY AND CASUALTY AGENT

The following section was amended by the 87th Legislature. Pending publication of the current statutes, see H.B. [4030](#), 87th Legislature, Regular Session, for amendments affecting the following section.

Sec. 4051.401. PERSONAL LINES PROPERTY AND CASUALTY LICENSE; LICENSE REQUIRED. A person is required to hold a personal lines property and casualty license if the person acts as:

(1) an agent who writes property and casualty insurance sold to individuals and families primarily for personal or household use for an insurer authorized to engage in the business of property and casualty insurance in this state; or

(2) a subagent of a person who holds a license as an agent under this subchapter who solicits and binds insurance risks for that agent.

Added by Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 1.01, eff. September 1, 2007.

Sec. 4051.402. AUTHORITY TO WRITE ADDITIONAL LINES. (a) A person who holds a personal lines property and casualty license may write the kind of insurance contracts described by:

(1) this subchapter;

(2) Subchapters C and E; and

(3) Chapter [4055](#).

(b) In addition to any of the insurance contracts described by Subsection (a), a person who holds a personal lines property and casualty license may write accident and health insurance contracts for individuals and families for personal, family, or household purposes for a property and casualty insurer authorized to sell those insurance products in this state.

Added by Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 1.01, eff. September 1, 2007.

Sec. 4051.403. PERSONAL LINES INCLUDED IN GENERAL PROPERTY AND CASUALTY LICENSE. Notwithstanding Section [4051.401](#), a person who holds a general property and casualty license under Subchapter B may write the kinds of insurance described by this subchapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 1.01, eff. September 1, 2007.

Sec. 4051.404. FEES. Section [4001.006](#) applies to all fees collected under this subchapter.

Added by Acts 2007, 80th Leg., R.S., Ch. 548 (S.B. [1263](#)), Sec. 1.01, eff. September 1, 2007.